

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE**

August 15, 2005

IN RE:)	
)	
JOINT PETITION OF PAETEC CORPORATION)	DOCKET NO.
AND AMERICAN LONG LINES, INC. FOR)	05-00011
APPROVAL OF TRANSFER OF OWNERSHIP)	

**ORDER APPROVING TRANSFER
OF AUTHORITY AND RELATED TRANSACTIONS**

This matter came before Director Deborah Taylor Tate, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on February 28, 2005 for consideration of the *Joint Petition of PAETEC Corp. and American Long Lines, Inc. for Approval of Transfer of Ownership* ("Joint Petition") filed pursuant to Tenn. Code Ann. §§ 65-4-112 and 113 (2004) on January 11, 2005 PAETEC Corp. ("PAETEC") and American Long Lines, Inc. ("ALL") (collectively "Petitioners") request TRA approval of a transfer of control and ownership of ALL to PAETEC.

The Joint Petition

PAETEC is a private holding company with several subsidiaries, including PAETEC Communications, Inc. ("PCI") By an order issued on December 1, 1998 in Docket No. 98-00691, the TRA authorized PCI, a subsidiary of PAETEC, to operate as a reseller of telephone services in Tennessee. The TRA authorized ALL to operate as a reseller of telephone services by an order issued April 29, 1997 in Docket No. 97-00094.

The *Joint Petition*, which was submitted pursuant to Tenn Code Ann §§ 65-4-112 and 113 (2004) on January 11, 2005, states that the Petitioners have entered into a stock purchase agreement whereby ALL will transfer control and ownership to PAETEC and become a wholly owned subsidiary of PAETEC. According to the Petitioners, the transfer will enable PAETEC to expand its operation in a cost-efficient manner, thereby enhancing its competitive position and ability to provide integrated telecommunications services to its customers in Tennessee.

According to the Petitioners, the proposed transfer will not cause any loss or impairment of service to the customers of PAETEC or ALL. The customers will continue to receive existing services under their current rates, terms and conditions, and any future changes in the rates, terms and conditions will be made consistent with TRA requirements.

February 28, 2005 Authority Conference

The transfer at issue in this Docket is governed by Tenn Code Ann § 65-4-113 (2004). That provision requires a public utility to obtain TRA approval before transferring its authority to provide utility services in Tennessee (such authority is also known as a “certificate of public convenience and necessity” or “CCN”). Tenn. Code Ann. § 65-4-113(a) (2004) reads as follows

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) (2004) includes the standards by which the TRA shall consider an application for transfer of authority, in pertinent part as follows:

Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

At the February 28, 2005 Authority Conference, the Panel determined that Tenn. Code Ann. § 65-4-112 (2004) was inapplicable to this transfer because it does not involve a lease, merger or consolidation. Thereafter, the Panel noted the applicability of Tenn. Code Ann § 65-4-113 (2004)

and voted unanimously to approve the *Joint Petition* pursuant to a finding of compliance with the requirements of Tenn. Code Ann. § 65-4-113 (2004) and a determination that the transfer described herein furthers the public interest


IT IS THEREFORE ORDERED THAT:

1. The *Joint Petition of PAETEC Corp and American Long Lines, Inc. for Approval of Transfer of Ownership* is approved.

2 The transfer of control from ALL to PAETEC, as described in the *Joint Petition of PAETEC Corp and American Long Lines, Inc. for Approval of Transfer of Ownership*, is approved


Deborah Taylor Tate, Director


Sara Kyle, Director


Ron Jones, Director